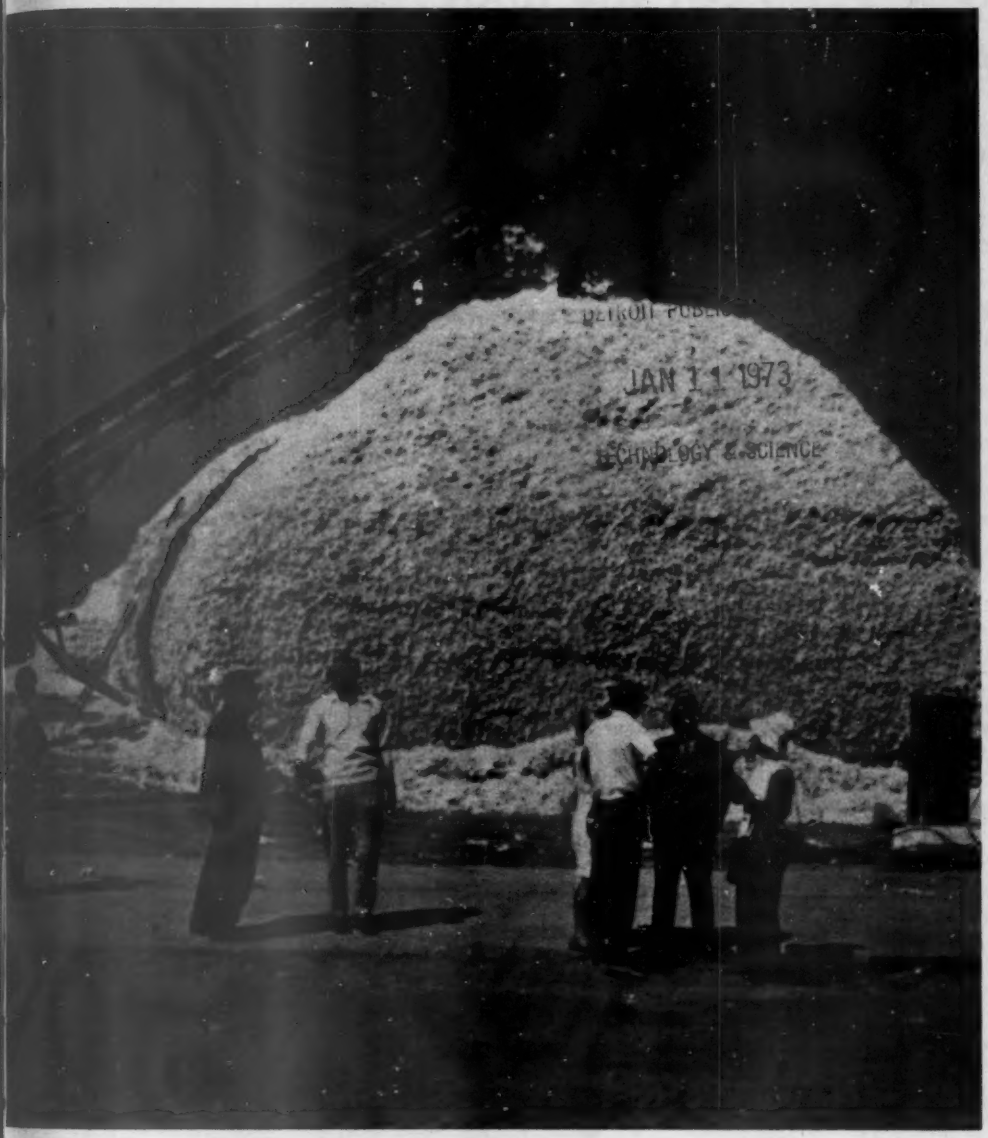
US.8
F591f7

FOREIGN AGRICULTURE


JAN 11 1973

DECEMBER 18, 1972

Soviet Cotton's Success Story

EC Becomes Sugar Importer

FOREIGN AGRICULTURAL SERVICE
U.S. DEPARTMENT OF AGRICULTURE

FOREIGN AGRICULTURE

VOL. X • No. 51 • December 18, 1972

In this issue:

2 How the USSR Has Become a Top World Cotton Producer By Horace G. Porter

6 EC Enlargement To Change Community Status From Sugar Exporter to Importer By Leslie C. Hurt

8 High Japanese Demand for Meat Spurs Production, Prices, Imports

10 Morocco's Water Management Program, a Top Priority By Dudley G. Williams

12 U.S. Tobacco Exports to Norway No Longer Threatened by EC Entry By Robert W. Johnson

13 Crops and Markets

This week's cover:

Members of a U.S. cotton production team watch unginned cotton being stacked at a Soviet procurement center. During a visit this fall, the team discussed with Soviet agricultural officials, scientists, and other cotton people the developments that have made the USSR the world's top cotton producer in several recent years. See story beginning on opposite page.

Earl L. Butz, Secretary of Agriculture

Carroll G. Brunthaver, Assistant Secretary for International Affairs and Commodity Programs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editorial Staff:

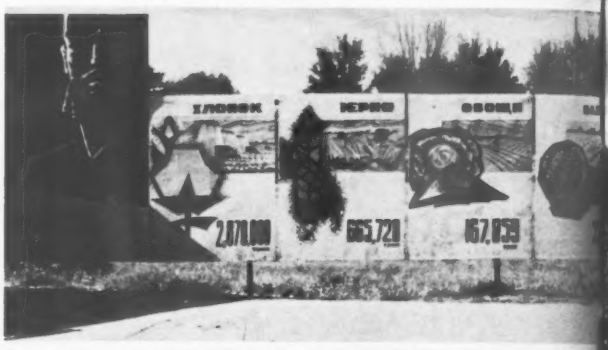
Kay Owsley Patterson, Editor
Janet F. Beal, Associate Editor; Patricia O. MacPherson, Mary Frances Owsley, Marcellus P. Murphy, Isabel A. Smith.

Advisory Board:

Kenneth F. McDaniel, Chairman; Anthony R. DeFelice, Elmer W. Hallowell, Robert H. Ingram, J. Don Looper, Larry B. Marton, Donald M. Rubel, Larry F. Thomasson, Quentin M. West, Joseph W. Willett.

Use of funds for printing *Foreign Agriculture* has been approved by the Director of the Bureau of the Budget (May 1, 1969). Yearly subscription rate, $10.00 domestic, $13.00 foreign; single copies 20 cents. Order from Superintendent of Documents, Government Printing Office, Washington, D.C. 20402.

Contents of this magazine may be reprinted freely. Use of commercial and trade names does not imply approval or constitute endorsement by USDA or Foreign Agricultural Service.



Above and d collec

Left, part goals wom

Above, dumping cotton for spreading and drying on Soviet farm. Below, collective farm chairman in cotton field.

Left, top, incentive posters showing part of a long series of agricultural goals; cotton comes first. Bottom, women sewing heads on bales at gin.

HOW THE USSR HAS BECOME A TOP WORLD COTTON PRODUCER

By HORACE G. PORTER
Cotton Division
Foreign Agricultural Service

In recent years, the USSR has expanded its cotton production so much that in three of the past six seasons its crop has been the world's largest. This record has been achieved without a large expansion in acreage.

Latest weekly reports continue to indicate that the 1972 harvest will at least equal and probably exceed last year's record 7.1 million metric tons of seed cotton—the equivalent of 11.1 million bales. This is twice as high as in the early 1950's.

It was to study factors associated with this production leap that the U.S. Department of Agriculture sent a team to the USSR in September-October 1972. This team conferred with key agricultural officials in Moscow and in three major cotton-producing Republics —Azerbaidzhan, Uzbekistan, and Tadzhikistan; with scientists in key cotton-related institutes in these Republics and in Leningrad; and with officials of selected state and collective farms, procurement centers, and gins.

The team's observations indicated that the Soviets have achieved their cotton successes in two main ways. First, they have stressed the **importance of cotton,** giving it top priority for agricultural resources in each of the cotton-producing Republics. It has priority too in terms of public recognition.

Second, they have focused sharply on **major problems.** Outstanding among these are the country's short growing season (its cotton producing areas are the farthest north of all major cotton areas in the world); the seriousness of verticillium wilt; and the wide extent and severity of soil salinity and high water tables.

The team saw no reason to doubt that the Government will continue to give cotton high priority. Thus, if generally favorable weather prevails, a gradual upward trend in production can be expected during the next few years. Significantly lower production appears unlikely without a policy reversal or some natural catastrophe.

IMPORTANCE OF COTTON. In the three cotton-producing Republics, cotton is but one of many lines of agricultural activity, and yet it is the dominant agricultural product. Furthermore, it tends to dominate the economy in each Republic. Many other lines of economic activity exist and thrive only as they support the growth and development of the cotton industry.

Cotton is given top priority for agricultural resources—newly irrigated land, water supplies, manpower, machinery, fertilizer, pesticides.

In the cotton Republics, universal importance is attached to fulfillment of the yearly production plan for cotton. During the harvest season, newspapers report the previous day's deliveries to state procurement points and also season-to-date deliveries against the plan. Many places, including museums and exhibit halls in major cities, display large photographs of people honored for exceeding the plan or for excellence of work at brigade, farm, or district levels.

Financial incentives are not lacking. Farms typically allocate approximately one-fourth of their "expected earnings to labor" to bonuses designed to provide the maximum incentive for exceeding or at least fulfilling the plan.

Team members besides the author, who headed the team, and U.S. Agricultural Attache at Moscow G. Stanley Brown were: Angel O. Byrne, Economic Research Service, Washington, D.C.; Jasper E. Jernigan, Extension Service, Memphis, Tenn.; Graydon E. Nichols, cotton farmer, Hanford, Calif.; and Thomas R. Richmond, Agricultural Research Service, College Station, Tex.

Soviet pricing policies also act as incentives. As a part of each 5-year plan, the Government establishes basic prices for cotton, which remain fixed for the duration of the plan. Under the current plan (1971-75), prices per ton of seed cotton for each of the four grades of Upland vary considerably, depending on the efficiency with which the various areas raise cotton. In high-salinity or other relatively low-yielding areas, higher prices provide encouragement.

IN ADDITION, there is a bonus on collective farms of 50 percent of the base procurement price for all above-plan production. This bonus, which was established in 1969, was one direct cause of the bumper 1970 crop.

The three major problems. Foremost in the attack on two of the three major problems—a short growing season and verticillium wilt—is the effort to develop new or improved varieties that show earliness and wilt resistance without sacrificing high yields and desirable fiber properties. The USSR's cotton areas are all at least 5° north of the world's other cotton regions, and some are at much higher elevations. Thus, any cotton variety must be early maturing to be successful there, and in the view of most Soviet cotton people, the earlier the better.

As in the United States, varieties of the Upland type occupy about 90 percent of total acreage, and extra-long staple, or ELS, varieties, about 10 percent. The famous 108F variety, developed in the USSR from an old U.S. strain, is the leading Upland variety and accounts for 30 percent of the Soviet Union's acreage. It also serves as the check variety in current cotton breeding programs.

Breeding for both early maturity and wilt resistance, the Russians have developed and released a number of Upland varieties. Chief among the more recent varieties to be placed in production are Tashkent 1, 2, and 3. Testing programs including these varieties are reported in progress in all major Upland areas. It was generally indicated that they would outyield the old 108F variety only on wilt-infested soil.

Considerable breeding work on ELS cottons is also underway. Stocks were imported from the United States, Egypt, and Peru. As with Upland, earliness of crop is necessary; so the ELS varieties developed have very short fruiting branches and are considerably taller and more compact than those in other countries. Characteristically, ELS cottons are more tolerant to verticillium wilt than most Uplands are, though symptoms were observed in a number of fields.

Breeding work is felt to present the greatest hope for dealing successfully with verticillium wilt, but solutions are also being sought from stalk removal, crop rotation, and chemical treatment of the soil. Alfalfa was the crop most frequently mentioned in rotation for wilt control.

The third major problem—high salinity and high water tables—was mentioned as a yield-restricting factor in each Republic visited. Officials indicated, however, that they had succeeded in continuously increasing yields by leaching the salts below the root zone through building drainage systems and applying large quantities of water. The drainage systems seen were mostly open-ditch types.

In the Republics visited, it was evident that the USSR is pursuing a policy of developing and expanding newly irrigated lands. Some of these lands, such as the Hungry Steppe area, not only contain soil high in salts and sodium but also have high water tables. There, draglines were observed constructing drainage ditches to lower the water table. The leached water was either pumped to evaporation ponds or mixed with fresh water and pumped back on the land.

Production practices and inputs. The USSR has placed a high priority on developing machines that can perform most functions in cotton production. Machines for land preparation, planting, cultivating, spraying, and harvesting were being used to some extent in all areas visited. However, the team concluded that machine efficiency was rather low and out of balance with labor availability and use.

- Labor input. For production and harvesting, labor input was in the range of 200 man-hours per acre. Each practice seems to require high labor expenditure.

The team noted that Soviet use of labor differed markedly from that in the United States. The U.S. farmer or ginner must watch his labor and power costs very carefully. This appeared not to be the case on some Soviet farms, where in addition to considerable power machinery, work brigades might be assigned at the rate of one full-time worker for each 5 to 10 acres of cotton.

Even where population is less dense and labor efficiency thus considerably higher, it was still low by comparison with the United States. However, the team does not feel that these shortcomings in labor and power efficiency are significantly hampering cotton production in the USSR.

- Irrigation and water management. Most Republic and local officials told the team that 100 percent of their cotton crop was under irrigation. Ample water was said to be available for current acreage, though water shortages sometimes existed in parts of Uzbekistan between mid-July and mid-August. Clearly, however, if any crop had to suffer from water scarcity for an extended period, efforts were made to insure that it would not be cotton.

THE MOST IMPRESSIVE single point observed on irrigation was the high degree of labor needed. One farm official reported that one man could irrigate about 5 acres of cotton.

Since practically none of the fields observed were leveled to a designed grade, it was evident that irrigation was extremely difficult. Water was delivered to the highest point, usually in an open ditch but occasionally through open concrete flumes. From that point, it was distributed to the field in small open ditches and ran down each furrow by gravity. The average length of run was short. No pipelines, siphon pipes, gated pipes, or sprinklers were observed; the only lightweight pipe seen—on an experiment station—was hand-coupled at each joint by a gasket and four bolts.

Approximate irrigation water requirements ranged from 20 to 48 inches. The cotton area was practically all preirrigated—in the winter on heavy soils and in the spring on lighter soils. The average number of irrigations per crop was four to five. Officials estimated that 99 percent of the irrigated cotton received water from irrigation projects and delivery canals and only 1 percent from deep-well pumps.

Cotton is irrigated later than is customary in the United States; some fields seen in early October had just been irrigated. Officials stated that late irrigation increased the yield and also improved the quality of both lint and

Top, land being leveled and diked for flooding to leach out excess salts; above, four-row picker in operation.

seed. However, some Soviet specialists seemed uncertain about the effect of late irrigation on wilt.

● Supplies of seed for planting. The varieties to be grown in the various zones or regions are determined by the Soviet Ministry of Agriculture, after consultation with the various institutes and experiment stations and with specialists on the state and collective farms.

Foundation seed is supplied by experiment stations to designated seed-production farms. The crop is grown on some of the best land available, harvested by hand, specially ginned and delinted, disinfected with a copper compound, then bagged and stacked for distribution to farms in the spring.

● Fertilizer use, weed and pest control. The USSR gives cotton a high priority for utilization of fertilizer. Throughout the areas visited, fertilizer practices were similar. Rates used per acre of land are about 135 to 175 pounds for nitrogen and phosphate and up to about 60 pounds for potash.

Considerable hand labor goes into weed control, although herbicides are reported to be used on much of the cotton area and tractor cultivation equipment is abundant. Almost all cotton fields on farms visited were found to be clean; those seen from roadsides would also be classed as generally clean.

Diseases other than verticillium wilt were reported to be of little significance; and insect problems are minor compared with those of the United States. Spider mites and the cotton moth (bollworm) were the pests generally mentioned as requiring control measures.

● Harvesting. In 1962, some 9 percent of the cotton crop was picked mechanically; in 1971, the percentage was 38, and the Soviets expect further increases from year to year.

To hasten maturation and facilitate picking efficiency, the plants are topped to about 40 inches—mostly by machine, but to some extent apparently by hand. It was estimated that machine pickers leave at least 20 percent of the cotton in the field—both on stalks and on the ground; this is cleaned up to a large extent by hand after machine picking.

The team saw both two-row and four-row pickers in use on Upland cotton. Both kinds are commonly used on 24-inch rows. Only two-row pickers are in use on 35-inch rows, but the team was told that a four-row picker was being developed for the wider rows. Extra-long staple cotton is still picked mostly by hand, but efforts are being made to design satisfactory pickers.

Cotton is hauled from field to drying floor and then to procurement centers in "universal trailers" equipped with hydraulic dumping mechanisms working off the tractor that pulls them. Since these trailers are comparatively small, the process of dumping from the picker is slow and labor consuming; some cotton drops on the ground and the load must be tramped to make room for loading more.

● Grading, storing, gining, and baling. All cotton is sold by the farms unginned. There are four grades of unginned cotton based on moisture and trash content. In Central Asia, No. 1 seed cotton must not exceed 8 percent moisture; No. 2, 10 percent; No. 3, 11 percent; and No. 4, 13 percent. Values for cotton in the Transcaucasus are one percentage point higher.

A large portion of the crop is dried on the ground in drying yards on the farm where grown. Dumping, spreading, stirring, and reloading this cotton requires large amounts of hand labor. All procurement centers and gins are equipped with drying machinery which is used as needed before the cotton is stacked.

The cotton is placed in large stacks at the procurement center to await ginning. These stacks, which are on raised concrete bases and covered with canvas, hold from 300 to 500 metric tons of seed cotton. Each center typically handles from 10,000 to 14,000 tons and each gin about 45,000 tons of unginned cotton.

The gins visited were equipped with seed cotton cleaners, 80 saw-gin stands, and gin stands to remove linters. Labor requirements are high by U.S. standards. Typically, a gin crew has 18 to 20 people. Gins run three 7-hour shifts per day and operate 10 to 11 months per year. Extra-long staple cotton was reported to be mostly ginned on 12-stand roller gins, of which the Soviet Union has 11.

Further details are available in the team's preliminary report, available from author.

EC Enlargement To Change Community Status from Sugar Exporter to Importer

By LESLIE C. HURT
Sugar and Tropical Products Division
Foreign Agricultural Service

WHEN THE EUROPEAN Community (EC) enlarges from six members[1] to nine on January 1, 1973, it will suddenly change from a surplus producer of sugar to one with a deficit. Of the three new countries expected to become members of the Community at that time—Ireland, Denmark, and the United Kingdom—only Denmark will be self-sufficient in sugar. The United Kingdom is one of the world's largest net importers of sugar and its requirements will bring about the change.

Although the Community's production deficit will become apparent in a short time after the three new countries join the EC, it will not be large and the Community's status could again be reversed in a few years. Despite the large sugar production volume of the enlarged EC—second only to that of the USSR—the nine EC countries collectively will, at least initially, have to import about 1.5 million tons of sugar annually.

The EC's Common Agricultural Policy (CAP) for sugar, a device to unify Common Market sugar production and marketing, was established on July 1, 1967. The 1968-69 year was the first one in which the unification program was in full effect.

The CAP established a system of graduated support under which each Member State is allocated a production quota (basic quantity) which, in turn, is divided among the country's sugar manufacturers (basic quotas).

The quota system was ostensibly established to protect the national sugar interests of each EC member against the other Member States rather than to prevent overproduction. In effect, however, CAP production quotas have turned out to be a system of entitlement for each Member State to produce sugar in excess of its needs at incentive prices, often several times above world market prices.

In the decade prior to establishment of the CAP for sugar, EC production rose more or less in step with human consumption. Generally, Community countries were on a net import basis. At the present time, however, there is a production surplus in the EC, primarily because of large increases in several EC States, but especially in France and the Benelux countries.

During the first year the CAP was in operation (July 1, 1968-June 30, 1969), France increased its sugarbeet acreage by about 30 percent. There were also substantial increases in Belgium and, to a lesser degree, in Germany. Only in Italy was acreage reduced.

The sugar CAP boosted sugarbeet and sugar prices for France, the Netherlands, and the Benelux countries, but brought about a reduction in Italy and West Germany. The beet support price for 1972-73 is $17.68 per ton in surplus areas, and $19.63 in Italy, a deficit area. The latter price is very close to returns received by U.S. producers of sugarbeets. Retail prices for refined white sugar in the six EC countries are higher than those in the United States, with prices in Italy and Belgium substantially exceeding the U.S. price.

During the first years of the European Community, it had an annual surplus on the order of 1 million tons. The base quota of 6,480,000 metric tons of refined sugar (which has been in effect since the CAP was adopted) more or less equals current EC human consumption. Sugar production in 1971-72 was about 1.5 million tons above this amount. Per capita sugar consumption in the three candidate countries is somewhat higher than in the current EC.

Present EC plans include the continuation of the Commonwealth Sugar Agreement (CSA) until at least the end of 1974, but provide for the exclusion of Australia after that.

Negotiations to extend the CSA will be held in 1974. As part of the new pact, the developing countries of the Commonwealth desire a system from 1975 onward that will allow them to sell a total of 1.4 million long tons of sugar per year to the United Kingdom.

Sugar production quotas for the three new EC partners have been suggested as follows (refined sugar in thousands of metric tons): Denmark, 290; Ireland, 150; and the United Kingdom, 900. If achieved, this level of production would bring the enlarged EC's production quota to 7.8 million metric tons, about 2 million tons less than present consumption requirements.

It is also envisaged that in the French Community, the Malagasy Republic and the People's Republic of the Congo (formerly the Republic of Congo-Brazzaville) would receive an annual quota in the enlarged EC of perhaps 40,000 to 60,000 tons, if they can produce that much. The French Antilles (Guadeloupe and Martinique) have a Common Market sugar quota of 240,000 tons. The enlarged EC will negotiate a new African pact in 1973.

BRITISH membership in the Community will have a strong impact on the EC CAP for sugar because its large import needs will reverse EC status from that of net exporter to net importer. The United Kingdom imports about 2.3 million metric tons of sugar annually, while producing 1 million tons. It exports about 350,000 tons of sugar; therefore, the United Kingdom's net imports amount to about 2 million.

A total of 1,717,500 long tons (1,745,000 metric tons) are available to the United Kingdom through negotiated price quotas of the Commonwealth Sugar Agreement. U.K. imports from countries not subject to negotiated price quotas then amount to around 500,000 metric tons.

The main suppliers to the United Kingdom, not including CSA countries, are Brazil, Cuba, Poland, and South Africa for raw sugar, and Czechoslovakia and the Irish Republic for refined.

[1] **France, West Germany, Italy, Belgium, Luxembourg, and the Netherlands.**

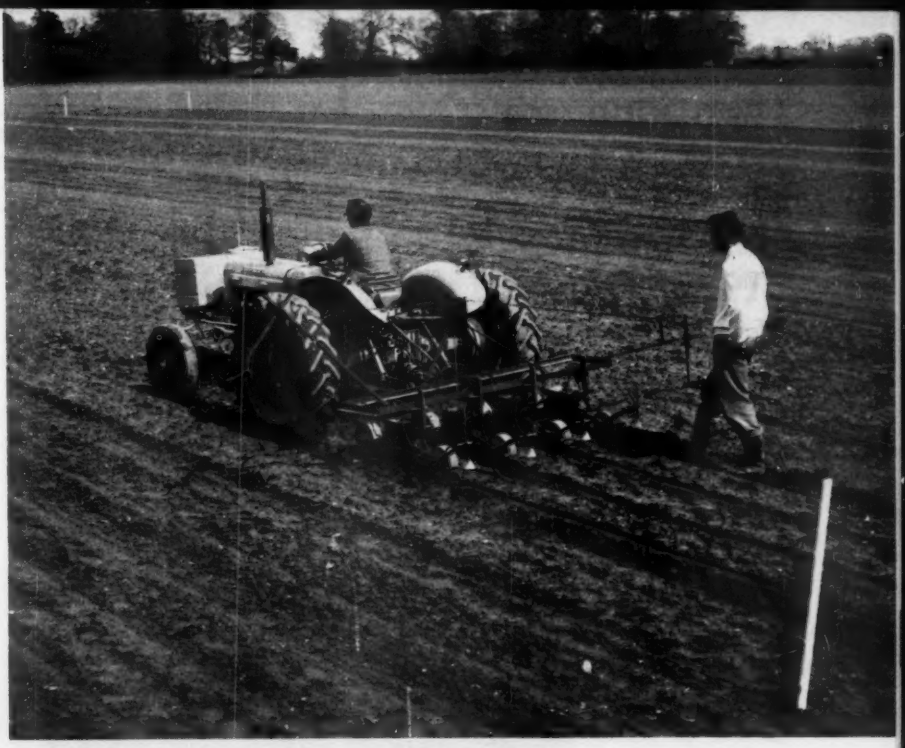
Sugar will cost U.K. consumers more after the United Kingdom joins the European Community than it does now. The target price for white sugar in 1972-73 in the EC surplus zone (consisting of some Departments in France) is 11.14 U.S. cents per pound, at least 2 cents more than in the United Kingdom. Exports of sugar-containing products could be subsidized by the EC provided the world market price of sugar is lower than the U.K. price.

Because Denmark is a small net exporter of sugar, and Ireland a small net importer, these countries will not be significantly affected by entry into the Common Market. Ireland imports sugar mainly from Guyana, Barbados, and Trinidad, while practically all of Denmark's exports go to Norway. Trade patterns, therefore, are not expected to change much for Ireland or Denmark.

Enlargement of the EC will have particular ramifications for the International Sugar Agreement (ISA). The six EC countries did not join the ISA in 1968—when the latest pact was signed—having rejected ISA membership because it wanted an export quota of 1.2 million tons, and the ISA offered one for only 300,000 tons. The United Kingdom is a member of the Agreement, however, although imports made under the Commonwealth Sugar Agreement are exempt from ISA provisions.

There is considerable concern among ISA member countries as to how sugar will be dealt with in the enlarged Community. The structure of the present ISA depends on maintenance of a delicate balance in the world sugar market. With the rise in world sugar prices in late 1971, quotas under the ISA were suspended for calendar 1972. The 5-year term of the Agreement expires at the end of 1973 and negotiations for a new one will be held during that year under the auspices of the United Nations Conference on Trade and Development (UNCTAD). By the time these negotiations take place, however, sugar producers, exporters, and importers should have a clearer picture as to the structure of the free market.

If the creation of the enlarged Community results in a continuing reduction of imports, the future of the International Sugar Agreement could be adversely affected and cooperation by sugar producing and importing nations in the management of world sugar economy could change or stop altogether.



Although the United Kingdom is an important producer of sugarbeets, it is still one of the world's largest net importers of sugar.

The amount of sugar needed to meet human consumption requirements in the EC is increasing at a rate of about 100,000 tons yer year. Although several hundred thousand tons of sugar were fed to livestock in the late 1960's, the sugar price on the world market is higher now, and this feeding practice has largely been discontinued. This sugar is now available for immediate consumption or is being stockpiled for future use.

The Commission of the European Community believes that a new extension of land devoted to beet cultivation must be avoided, preferring instead to boost production by increasing yields. Nevertheless, France would like to produce more sugar and wants a quota of as much as 3 million tons. This could entail an increase in sugarbeet area.

An assessment by the EC Sugar Committee indicates that consumption of sugar may grow to approximately 10 million tons during 1975-76. The Commission also recognizes that world sugar consumption will expand and estimates it may exceed 100 million tons in 1985. They have, therefore, stated that it would be unrealistic to seek a reduction or even freezing of sugar production in any part of the world, at least for the present.

Sugarbeets, planted in precise rows by a seed drill, await harvest in a U.K. field.

High Japanese Demand For Meat Spurs Production, Prices, Imports

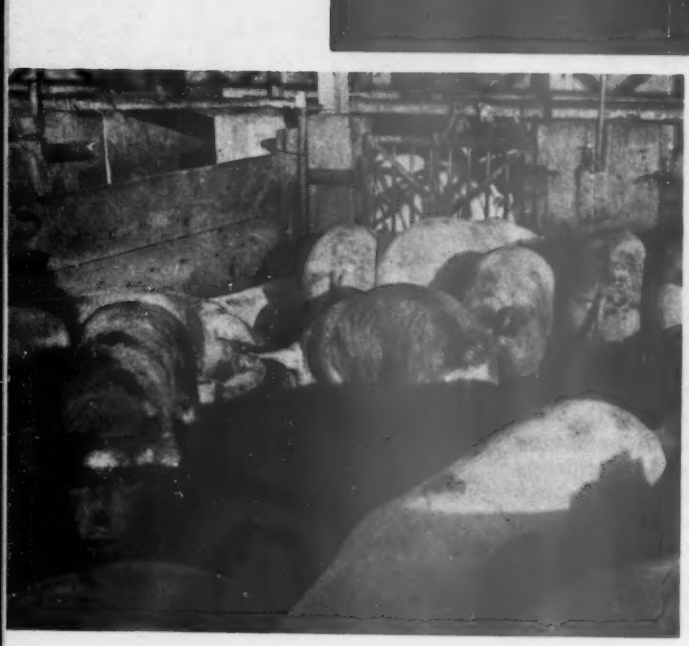
LIKE THEIR U.S. trading partners, Japan's citizens are eating more meat and meat products—resulting in higher production and prices, as well as a booming import trade in meat and livestock. Trade in tallow was brisk during the first 7 months of 1972, in hides and skins a little off.

The sharp rise in Japan's meat production has upped the sale of cattle for slaughter—even breeding and dairy animals—and is resulting in a further decline in cattle numbers. Numbers of beef and dairy catle are forecast at 1.7 million and 1.8 million head, respectively, as of February 1973, a decline of 1 percent for each category. Again this year, the increase in dairy steer numbers is expected to compensate for a sizable decline in beef-breed cattle.

High meat prices and heightened consumer demand have pushed imports up. They are expected to reach record levels in 1972.

Production in 1972 of beef and veal, estimated at 291,000 tons, is expected to increase 6 percent over last year's output. Pork production should expand 5 percent over last year's total.

Total estimated supplies of beef and pork in 1972 would provide annual per



Ready for slaughter, finished hogs (left) and premium quality Black Wagyu heifers (top) will help meet Japan's meat needs. Above, beef-cattle range at Naganuma.

capita availabilities of 7.1 pounds of beef and 18.1 pounds of pork (on a carcass equivalent basis). This represents increases of 7 percent for beef and 11 percent for pork over 1971.

A special quota issued in April 1972 will permit the tariff-free import of 5,000 feeder calves, possibly in part from the United States. A team representing a Japanese cooperative farmers' organization recently toured the United States and Australia to observe the cattle market situation. Actual purchasing of the calves reportedly was to commence soon.

According to a recent survey by the Ministry of Agriculture and Forestry (MAF), prices for feeder calves (bull calves weighing about 500 pounds) continued to climb during the first half of 1972 and in June reached an average of $416 per head. This compares with the 1971 average of $373 and the 1970 average of $284. A recent report indicates that high prices for feeder calves may cause a large-scale Japanese commercial feeder to reduce operations.

Originally, the Japanese Government planned to issue beef import quotas totaling 46,000 tons for April 1972-March 1973, 26 percent over last year's quotas. However, to comply with strong consumer demand for beef, meat traders are urging that quotas be expanded.

Japan's imports of beef during the first 7 months of 1972 amounted to 25,716 tons, up 21 percent from the corresponding period last year. Indications are that total imports during 1972 will mount to a record 48,000 tons, compared with the previous record of 41,572 tons imported in 1971. Australia continues to supply over 90 percent of the beef imports.

Prices for beef have also risen steadily in recent months and the wholesale carcass beef (steer) price in Tokyo reached a record $1.33 per pound in July 1972, compared with the 1971 average of $1.27 per pound.

In an attempt to curb the high domestic market prices for pork, Japan waived the import duty in April 1972. As a result, pork imports rocketed and amounted to 34,958 tons during January-July 1972. During this period, the United States was the leading pork supplier and shipped 14,036 tons or 40 percent of the total. Although the duty waiver ended in October, this year's pork imports are expected to more than double last year's level.

High pork prices, prevailing since the summer of 1971, continued through August 1972. However, after peaking at 77 cents a pound in August, wholesale carcass prices began to decline. Currently wholesale prices in Tokyo are about 68 cents per pound. Supported by the strong demand, pork prices are not expected to decrease sharply this year, even though heavy hog slaughter is predicted.

In August, Japan lifted the ban on imports of meat of cloven-hoofed animals from Sweden and Norway. As a result, a trial shipment of 300 tons of Swedish pork was contracted for delivery in October. According to trade sources, the contracted price was about 10 percent less than current offer prices from other exporting countries.

In spite of pressure from meat traders, Japan continues to ban imports of fresh red meat from China, primarily for animal veterinary reasons. A sizable quantity of meat was imported from China in prewar years. As a step to relax meat trading, Japan recently announced that cooked meat may be imported from China.

Demand for mutton and horsemeat for the meat procesing industry continues to expand. Because domestic production of these meats is small, import requirements are expected to increase substantially.

Mutton imports, mainly from Australia and New Zealand, amounted to 73,333 tons during the first 7 months of 1972, up 19 percent from the same period of 1971. Horsemeat imports rose from 18,401 tons for January-July 1971 to 28,916 tons for the comparable period in 1972. Argentina and Brazil continue to supply almost all of it.

IN RECENT YEARS, there has been growing interest among Japanese firms in developing beef production under joint venture arrangements in foreign countries, such as Australia and Canada. Reportedly, several of these investments are in operation, while others are under negotiation. These Japanese investors are requesting special arrangements to allow beef produced under such ventures to be imported outside of the regular import quotas.

The results of a recent MAF survey indicate that hog numbers will reach 7.3 million head in February 1973, an increase of 4.5 percent from the same date in 1972. Hog slaughter during the first 7 months of 1972 was 2 percent above the same period in 1971. The number of slaughter hogs expected to reach the market during the remaining months of 1972 will be about 7 percent greater than the same months of 1971.

There are no indications that significant stocks of meat or meat products are being held by the industry.

Imports of cattle hides and calf skins during the first 7 months of 1972 totaled 116.808 tons, down slightly from the 117,840 tons imported during the same period of 1971. The United States remains by far the leading supplier of hides and skins to Japan and shipped 98,788 tons, 85 percent of the total in January-July.

Beef tallow imports for 1972 are forecast at 260,000 tons, including 160,000 tons from the United States. This represents a slight increase over 1971 imports.

—Based on a report by DAVID L. HUME
U.S. Agricultural Attaché, Tokyo

Black and Brown Wagyu steers in Japan's largest feedlot near Nagoya.

Morocco's Water Management Program, A Top Priority

By DUDLEY G. WILLIAMS
U.S. Agricultural Attaché
Rabat

"FROM WATER ALL living things have been created."

This translation from the Koran depicts the historical preoccupation with water scarcity by those living on the desert or desert fringes—a preoccupation which is no less real today and which is vividly reflected in Morocco's present and planned water policies.

Rainmaking ceremonies are an ancient part of Moroccan folklore and even today rituals are still practiced in remote areas of the country in an effort to assure abundant rainfall. However, the Moroccan Government is taking a more positive approach to water management. Its objective is to expand irrigated acreage from the present level of about 1.7 million acres, including modern Government and private irrigation, and so-called traditional irrigation, to 2.5 million acres, or one-eighth of Morocco's total cultivable area, by 1985. By then, approximately three-fourths of the country's total irrigated area will be under Government control.

Of the total investment envisaged under the present 5-year (1968-72) Development Plan, $160 million, or 15 percent, was earmarked for dam-building projects.

By the end of the 1972 plan period seven major dams will have been completed, bringing the total number of large dams in the country to 19. These are scattered throughout Morocco in 13 regions designated and controlled by the Government, and represent 50 percent of Morocco's manageable water potential. Two additional dams are now under construction, with another four to six expected to be started during the course of the 1973-77 plan. Total irrigation potential of those started under the present plan and those slated for construction under the next plan will be roughly 556,000 acres.

Financing of the dams from domestic sources has included major contributions of revenues from a surtax on raw sugar imports. However, to ease the burden on consumers the sugar tax was reduced by 18 percent in 1971, with the revenue loss to be offset by a graduated income tax. Financing also includes substantial inputs of international aid from a wide range of donors, including the United States, France, West Germany, Russia, Iran, Kuwait, and the World Bank.

The lag between completion of dams and realization of irrigation potentials is considerable in a developing economy, as traditional infrastructures, attitudes, and farming practices must be altered to fit a changing situation. Attainment of the goal of full utilization of 2.5 million irrigated acres by 1985 probably will be closer to 1990.

Meanwhile, however, dam construction will bring much needed flood control, hydroelectricity, and potable water for human and livestock consumption.

Organization of the irrigated regions is under the direction of the Ministry of Agriculture. The Government assumes responsibility for installing irrigation equipment, land preparation—grading, drainage, and so forth—providing subsidies and loans for purchase of agricultural equipment, and providing education and extension programs. The farmer must pay an initial participation charge, pay an annual water fee, follow Government directives relative to crops grown, crop rotation, and cultural practices. Individual land boundaries must be realined when necessary to achieve more efficient units.

Land use objectives for the controlled areas include boosting irrigated acreage for citrus to 203,000 acres, to 321,000 acres for grain, and fourfold increases in the irrigated areas under cotton, sugarbeets, and vegetables to

The ancient water wheel is still used in some parts of Morocco. (FAO photo.)

Morocco's water plan calls for the construction of 19 dams by the end of 1972.

Production of rice (top) and sugarbeets (left) will show large gains when more water is available.

198,000, 222,000, and 185,000 acres, respectively. The goal is for 494,000 acres under forage crops from the present level of only 25,000 acres. New crops planned include sugarcane, 59,000 acres, and Berseem clover, 62,000 acres.

Crops to be continued but with no significant acreage increases include fruits other than citrus, grapes, and sunflowers.

The proposed cropping pattern largely reflects current conditions, needs, and priorities: Self-sufficiency in wheat, improved livestock and meat production, more efficient use of Morocco's overequipped sugar processing industry, and increased exports of agricultural products. Some shifts will doubtless be made to fit future priorities and economic conditions.

Most of the projected increase in irrigated grain acreage will be in areas devoted to bread wheat and durum with small increases in land planted to barley and corn.

The phasing-in of additional irrigated acreage will help to reduce annual import requirements of over a half million metric tons of bread wheat in recent years (U.S. exports of unmilled wheat in 1971-72 were 437,000 metric tons). However, population and bread requirements by 1985-90 will have grown to the point that self-sufficiency would also require consistent high yields from vulnerable dryland areas.

An alternative would be to expand wheat area within the irrigated areas of the south, where tests of new high-yielding varieties indicate that production would be commercially interesting. However, the economic feasibility of using irrigation resources for grain production is already being questioned by some, albeit few question the political feasibility of such a decision in Morocco's traditional grain economy.

Projected acreage for export crops—citrus and cotton—presupposes that present export markets for up to 600,000 tons of citrus a year and 5,000 to 6,000 bales of Egyptian-type cotton annually can be expanded profitably to take substantially larger quantities.

While the trade implications of Morocco's water policy and expanding use of irrigation have not yet emerged clearly, it is reasonably certain that bread wheat imports will still be required in some years even when irrigation goals are fully met, and that expansion in citrus and cotton acreage will have to be gaged by competition and other market factors affecting exports.

The most significant long-run impact may well be in forage and livestock production as annual population increases of about 3 percent and expanding tourism continue to exert pressure on available domestic meat supplies and meat prices. However, many problems must be overcome in this area also, before full potentials can be reached. The principal problems include inadequate research in adaptable forage-crop varieties, inadequate livestock-breeding programs, widespread animal diseases and parasites, traditional attitudes on feeding and husbandry practices, and antiquated marketing systems.

As part of the nonagricultural portion of Morocco's water development program, the National Office of Potable Water (ONEP), the bulk supplier of water to the Atlantic Coastal Zone and Marrakesh, recently borrowed $48 million from the World Bank to help finance a project to meet long-term water needs in the Kenitra-Rabat-Casablanca region.

The project is the first stage of a master plan for potable water production and distribution. Its main elements are the Bou Regreg Dam, where the Office's transmission system originates, 56 miles of transmission lines to Casablanca, a water treatment plant, and a pumping station. Under the master plan, several smaller water systems will also be improved.

U.S. Tobacco Exports to Norway No Longer Threatened by EC Entry

By ROBERT W. JOHNSON
Tobacco Division
Foreign Agricultural Service

Rejection by Norwegian voters of membership in the European Community (EC), through the advisory referendum held September 24, means that the United States will continue to enjoy duty-free access to the Norwegian tobacco market. If Norway had joined the EC, its imports of U.S. tobacco would be subject to the EC's common external tariff by July 1, 1977, while its imports from EC members and a number of other countries receiving preferences in the EC would be coming in duty free. (See *Foreign Agriculture*, Oct. 2, 1972.)

U.S. leaf tobacco exports to Norway averaged 7.5 million pounds, worth $6.1 million, during the 5 years 1967-71. In addition, the United States sold Norway an average of $1.3 million worth of cigarettes during this period. These U.S. shipments accounted for about 70 percent of the leaf tobacco Norway imported and about 20 percent of the cigarettes.

Flue-cured tobacco composed about 60 percent of the U.S. leaf exports to Norway. For Virginia fire-cured and sun-cured, which made up most of the balance, Norway is the largest market, taking nearly half the U.S. exports.

Consumption. Norway's tobacco consumption is dominated by smoking tobacco. Norwegian smokers, unlike those in many other countries, prefer to roll their own cigarettes. Also, the tax system, which bears heavily on manufactured cigarettes, encourages the consumption of smoking tobacco. Total tobacco utilization in 1971 was estimated at 10.9 million pounds, of which 10.2 million or 94 percent was smoking tobacco—nearly all used domestically.

As a result of the very large roll-your-own market, sales of readymade cigarettes are quite low in Norway, even in relation to the small population of about 4 million. The United Kingdom, by comparison, with a population of 60 million, consumes about 125 billion cigarettes, or 3,400 per year for each person 15 years old or older. Norway consumes a total of 1.8 billion cigarettes, or about 675 per person 15 years old or older. Further, of the cigarettes that Norwegians do buy, about 85 percent are imported duty free from other nations of the European Free Trade Association (EFTA).

Taxes and prices. Norway has no duty on cigarettes from other EFTA partners, and a duty of 17 kroner per kilogram (US$2.56) on those from other countries. This amounts to about 5 U.S. cents per pack or about 40 percent of the import price.

The internal tax system consists of a specific tax (involving the purchase of "band rolls" or stamps by the manufacturer) which makes up half of the retail price, plus an ad valorem value-added tax amounting to 21 percent of the retail price. The result of these two taxes is that Norway's retail cigarette price is among the highest in the world. A typical popular domestic brand sells for the equivalent of 98 U.S. cents per pack; and taxes make up 72 percent or 70 cents of this retail price.

For both cigarettes and smoking tobacco, Government permission is necessary before an increase in retail price; and price increases are permitted only when manufacturers can justify them by cost increases.

Smoking tobacco retails for about 7.20 kroner, or the equivalent of US$1.08, per 50 grams, which will make about 43 roll-your-own cigarettes at about 2½ cents each. The retail

(Continued on page 16)

Norway Buys Tobacco Before EC Vote

Norwegian tobacco importers, believing that membership in the European Community would adversely affect their operations, sharply increased their purchases of unmanufactured tobacco between January and September 1972, when Norwegians were to vote on entering the EC.

Imports during the period totaled 4,377 metric tons compared with last year's 2,999 tons, a jump of 52 percent. Purchases from the United States increased from 1,740 tons in the same 9-month period in 1971 to 2,652 tons this year; the U.S. market share, from 58 to 61 percent.

Because of more restrictive regulations that would apply once Norway joined the EC, some Norwegian manufacturers advanced purchases to take final advantage of the country's duty-free status for raw tobacco imports. Others made extensive barter arrangements to increase on-hand supplies. However, these actions may have been unnecessary because the Norwegian electorate rejected EC membership.

Industry leaders now tend to agree that Norway's tobacco trade is probably better off outside the Community, although they also admit that this may not be true for the economy as a whole. There is concern that an economic slowdown would adversely affect tobacco products sales. The retail price of cigarettes and tobacco products is high in Norway, and lower buying power would be reflected in lower sales.

Industry leaders claim that the EC's Common Agricultural Policy (CAP) for tobacco is not well suited to Norway's needs. They prefer the current duty-free status for raw tobacco instead of the Community's Common External Tariff. Manufacturers also prefer U.S. leaf to EC-grown leaf, which they would probably have been encouraged to use under the EC's CAP incentive program; and also, proposed EC tax changes would have put high-priced Norwegian tobacco products at a disadvantage compared with similar low-priced products in other EC countries.

CROPS AND MARKETS

GRAINS, FEEDS, PULSES, AND SEEDS

Grain Exports and Transportation Trends: Week Ending December 1

Weekly export inspections of wheat, feedgrains, and soybeans totaled 1.79 million metric tons for the week ending December 1—a 31-percent rise from the week before, and 28 percent above the October weekly average.

Inland transportation was up substantially during the week. Railcar loadings of grain totaled 33,235 cars, up 28 percent from the week before, and the second highest weekly total in fiscal 1973. Barge shipments of grain, at 740,000 metric tons, were up by 44 percent.

GRAIN EXPORT AND TRANSPORTATION TRENDS: WEEK ENDING DECEMBER 1

Item	Week ending Dec. 1	Previous week	Weekly average, October	Weekly average, first quarter
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Weekly inspections for export:				
Wheat	650	414	561	414
Feedgrains	731	696	536	626
Soybeans	414	262	310	133
Total	1,795	1,372	1,407	1,173
Inland transportation:				
Barge shipments of grain	741	513	652	515
	Number	*Number*	*Number*	*Number*
Railcar loadings of grain	33,235	25,888	31,618	28,566

Turkey To Offer Wheat

Turkey is expected to offer 300,000 tons of wheat during the next 60 days. This would make total season sales of 650,000 tons. Previously, Turkey's total wheat exports for 1972-73 were not expected to exceed 500,000 tons.

EC Increases Denatured Wheat Production

In the first 2 months of the 1972-73 marketing year, 1.1 million tons of European Community wheat have been denatured or mixed with other grains for feed use. This volume compares with 700,000 tons in the first 2 months of 1971-72 marketing year and a final total of about 3 million tons for the entire 1971-72 season. The late French corn crop could be a major reason for this increase over last year's denaturing levels.

Current country prices for corn in France are now about $6 a ton over denatured wheat. Last year at this time corn was selling for about $1 under denatured wheat.

Sales of denatured wheat from France to other EC countries have also increased. From August 1 to October 31, 273,391 tons of denatured French wheat moved to other EC countries, compared with only 150,485 for the same period last year. Only 328,948 tons of French corn have been exported to other EC countries, compared to 584,870 tons shipped last year.

U.K. Grain Production Estimated at Record Level

The U.K. Home Grown Cereals Authority, in its estimate of the United Kingdom's 1972-73 grain output, has set total production at a record 15.3 million tons (final 1971-72 estimate was 14.9 million). Most of the increase was in barley.

The chairman of the Authority predicted that by 1978 U.K. grain growers will be getting 30 to 100 percent more profit because of high EC grain prices. He expects production to leap from this year's record to 16-20 million by 1977, and that high prices will lead to a drop in the quantity of cereals used for animal feeding.

Rotterdam Grain Prices and Levies

Current offer prices for imported grain at Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Dec. 13	Change from previous week	A year ago
	Dol. per bu.	*Cents per bu.*	*Dol. per bu.*
Wheat:			
Canadian No. 1 CWRS-14	3.14	+19	2.01
USSR SKS-14	(1)	(1)	1.89
Australian FAQ[2]	2.93	+17	1.66
U.S. No. 2 Dark Northern Spring:			
14 percent	2.91	+20	1.93
15 percent	2.93	+19	(1)
U.S. No. 2 Hard Winter:			
13.5 percent	2.94	+16	1.80
No. 3 Hard Amber Durum	2.88	+22	1.81
Argentine	(1)	(1)	(1)
U.S. No. 2 Soft Red Winter	(1)	(1)	1.74
Feedgrains:			
U.S. No. 3 Yellow corn	1.97	+16	1.46
Argentine Plate corn	2.34	+13	1.56
U.S. No. 2 sorghum	2.08	+17	1.47
Argentine-Granifero sorghum	2.08	+16	1.48
U.S. No. 3 Feed barley	1.86	+18	1.26
Soybeans:			
U.S. No. 2 Yellow	4.74	+63	3.46
EC import levies:			
Wheat[3]	[4].97	−16	1.57
Corn[5]	[4].78	−11	1.06
Sorghum[5]	[4].65	−12	1.00

[1] Not quoted. [2] Basis c.i.f. Tilbury, England. [3] Durum has a separate levy. [4] Effective October 14, 1971, validity of licenses with levies fixed in advance is a maximum of 30 days. [5] Italian levies are 21 cents a bu. lower than those of other EC countries. Note: Basis 30- to 60-day delivery.

Yugoslav Grain Production

Unfavorable weather conditions during September and October delayed the sowing of 1973-crop winter wheat. Only 988,000 acres were sown by the end of October compared to 3.4 million acres in October of 1971. Weather permitting, plantings were to continue during November, but late sowings normally result in smaller yields.

Latest official estimates place the 1972 wheat crop at 4,841,000 metric tons, down 14 percent from the record 1971 crop. Other grain production for 1972 is now estimated at 7.86 million tons, 820,000 below the August estimate, and 6 percent below 1971, mainly because of a lower corn crop.

Argentina Expects Larger Wheat Crop

Argentina's 1972-73 wheat production is now unofficially estimated at about 8 million tons, up 500,000 from the previous estimate. This would give an export availability of about 3.8 million tons. Brazil may take up to 1.2 million tons and Chile could take about 500,000. Assuming durum exports to Europe at 500,000 tons, at least 1.6 million tons would remain to be committed. Reports indicate possible interest from Japan, Bangladesh, China, and the USSR.

FRUITS, NUTS, AND VEGETABLES

Japan To Import Israeli Citrus

According to a report from Tel Aviv, the Citrus Marketing Board plans to ship about 600,000 boxes of grapefruit and 150,000 boxes of oranges to Japan during the 1972-73 season. Shipments will be made in small vessels, capable of carrying 60,000-70,000 boxes at a time. Special disease-free areas have been designated and packinghouses have received special equipment to handle the fruit destined for Japan.

United Kingdom Announces Quotas for Fresh Apples

Earlier this year, the United Kingdom's nonsterling global import quota on fresh apples for the July-December period was set at 15,200 long tons, the same as previous years. The January-June quota (68,750 long tons in the past) was not announced this year because quantitative restrictions on imports will no longer be permitted from February 1, 1973, when the European Community system for fruits and vegetables will apply to the United Kingdom.

The British Government has now announced an additional quota for the month of December of 20,000 long tons plus 31,500 tons for January 1973.

Venezuela Plans To Produce Deciduous Fruit in Andes

In keeping with its plans to make Venezuela as self-sufficient as possible despite cost to the consumer, Venezuela has announced plans to plant apple, pear, and apricot trees in the temperature areas of the Andes, some time in the near future. Data as to varieties are not available, however.

Venezuelan imports of apples in 1971 amounted to 18,890 metric tons, roughly half of which came from France. The United States, with almost exactly 10 percent of the market, ran fourth behind Chile and Argentina.

Imports of pears were 6,811 metric tons, with France again the leader and the United States in fifth place behind Chile, Argentina, and Italy.

FATS, OILS, AND OILSEEDS

Italian Olive Oil Output To Decline in 1972-73

Production of pressed olive oil in Italy from 1972-crop olives is forecast at 430,000 metric tons—down 186,000 tons from the 1971-72 output. The decline in the 1972-73 olive oil supply is estimated at only 80,000 tons, reflecting a substantial increase in anticipated imports as well as reduced stocks. In addition the reduction will result in a decline of nearly 40,000 tons in olive oil consumption which may be offset by increased consumption of seed oils such as that from imported soybeans. The indicated decline in olive oil consumption is equivalent to the oil in 8 million bushels of soybeans.

Tunisia's Olive Oil Output Down

According to first preliminary estimates, Tunisia's 1972-73 olive oil output may drop to only 60,000 tons. This cyclical decline represents a shortfall of 107,000 tons from the 1971-72 output.

Tunisia's exports in 1971-72 were reported at a record large volume of 140,000 tons—largely to Italy and France.

If this production estimate is correct, Tunisia's import requirements could range between 30,000 and 40,000 tons of soybeans and other oils in 1972-73.

SUGAR AND TROPICAL PRODUCTS

Ivory Coast Cocoa Estimate Lowered

Estimates of the 1972-73 Ivory Coast cocoa bean crop have been revised downward and production is now forecast at 190,000 metric tons, off 15 percent from the record 1971-72 harvest of 224,000 tons.

Because of dry weather conditions, the 1972-73 main crop is expected to approximate 170,000 tons, compared with 205,000 tons produced during the 1971-72 season.

International Cocoa Pact Open for Adoption

An International Cocoa Agreement has been adopted by the UN Cocoa Conference in Geneva and will be open for signature between November 15, 1972, and January 15, 1973. The Agreement would become effective April 30, 1973. Objective of the Agreement is to prevent excessive price fluctuations which adversely affect long-term interests of both producers and consumers.

The main features of the Agreement are establishment of an export quota system; a buffer stock with a capacity to purchase up to 250,000 metric tons; and a fixed price range from 23 to 32 cents per pound. A 1-cent-per-pound levy on cocoa exports and imports by member countries would be used to finance the buffer stock operation.

An International Cocoa Council would be established to administer the Agreement.

Kenya To Up Pyrethrum Extraction Capacity

The Kenya Pyrethrum Marketing Board's extraction plant at Nakuru is to be enlarged to be able to handle the increased production of pyrethrum flowers and to better meet rising world demand for pyrethrum extract. The expansion project will involve a cost of about K£ 1 million and will take 2-3 years to complete.

Kenya's production of pyrethrum flowers (dry basis) during the first 10 months of the October-September 1971-72 season has totaled a record 26.2 million pounds, up 66 percent over the corresponding period a year earlier when harvesting totaled 15.8 million. Total production during the 1970-71 crop year amounted to 21.8 million pounds.

DAIRY AND POULTRY

U.K. Egg Marketers Dispute Egg Shortage

Disagreement over the prospective level of egg supply in in the United Kingdom in early 1973 has caused a change in the makeup of one of the United Kingdom's major egg marketing consortiums.

The Eastwood Company, an important member of the "Goldenlay" consortium, anticipates an egg shortage. This view is counter to the consensus of the rest of the consortium, and accordingly the Eastwood group has withdrawn.

Eastwood feared that barring an all-out production drive, the expected egg shortfall could be relieved only by imports from the then-enlarged European Community. The firm expects a market situation that will justify its announced plan of expansion from a current level of 4 million layers to 6 million in the near term and a further increase to an eventual 12 million.

The trade grouping, originally called "Egg Farms" was comprised of the Eastwood Company, the egg sector of the Imperial Tobacco Company's Ross Group, and three other large U.K. egg producer-cooperatives. It was said to control over 20 percent of the total U.K. egg market, and 40 percent of the total retail market.

TOBACCO

Tunisia's Tobacco Output Down, Cigarette Use Up

Tunisia's 1972 tobacco crop is estimated at 1,600 metric tons (1,400 smoking leaf and 200 snuff) from nearly 4,200 acres (3,900 smoking and 247 snuff). Although the Tunisian Monopoly authorized 1972 plantings of 6,400 acres, excessive rain at planting time prevented farmers from reaching the authorized level.

The estimated 1972 crop is 21 percent below 1971 production of 2,037 tons; and 1972 acreage was 29 percent below 1971 plantings of 5,900 acres.

Tunisia purchased a total of 2,350 metric tons of foreign leaf in 1971, of which only 35 tons (mostly flue-cured) were from the United States.

Cigarette production and sales increased by roughly 10 percent in 1971 from the preceding year and are expected to increase by another 10 percent or more in 1972. Cigarette sales in 1972 are projected at 4 billion pieces compared to about 3.3 billion in 1971.

The steady increase in production and sales of filter types continues and filters is expected to account for 50 percent of total 1972 output. This compares with approximately 40 percent in 1970 and 45 percent in 1971. The shift to filters is attributed to "convenience and cleanliness" rather than for health reasons.

COTTON

U.S. Textile Imports Continue Rise in January-September 1972

U.S. imports of manmade fiber, cotton, and wool textiles totaled 4.9 billion square yards in the first 9 months of 1972, 5 percent higher than in the same period of 1971. The textile trade deficit was 15 percent greater than a year ago.

Imports of manmade-fiber textiles from Japan, Hong Kong, the Republic of China, and Korea combined were 16 percent less, and wool textile imports were down 11 percent; cotton textile imports from these four countries were 12 percent greater.

Imports of cotton textiles from all sources were 20 percent more than in the same months of 1971. At current rates, imports of cotton textiles for 1972 will break all previous records, while imports of manmade fiber textiles will also be at record highs owing largely to increased imports from non-controlled sources.

GENERAL

Caribbean Free Trade Area To Form Common Market in 1973

Following a series of meetings over the past few months, members of the Caribbean Free Trade Area (CARIFTA) have decided to form a Caribbean Common Market on January 5, 1973.

At that time, a Common External Tariff, a program to harmonize fiscal incentives to industry, and a common protective policy will take effect among the 12 members of the regional association.

The formation of a Caribbean Community will provide a legal basis for previous ad hoc economic and functional integration that has taken place under CARIFTA. Initially the Caribbean Community will not involve political integration. It will, however, enable the Member States of CARIFTA to speak with one voice in anticipated negotiations for association with the European Community.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

PENALTY FOR PRIVATE USE, $300
OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF
AGRICULTURE
AGR 101

U.S.MAIL

First Class

If you no longer wish to receive this publication, please check here ☐ and return this sheet, or addressed portion of envelope in which publication was mailed.

If your address should be changed ☐ PRINT or TYPE the new address, including ZIP CODE, and return the whole sheet to:

Foreign Agricultural Service, Rm. 5918
U.S. Department of Agriculture
Washington, D.C. 20250

FOREIGN AGRICULTURE

U.S. Agricultural Exports Set Monthly Record in October

U.S. agricultural exports in October 1972 hit an alltime monthly high of $908 million, sharply above last October's $466 million, when exports were reduced because of the longshoremen's strike at most of the east coast and gulf ports. The October record was 8 percent above the previous monthly high of $842 million established in December 1971.

The gain in agricultural exports helped offset the unfavorable trade balance for nonagricultural products. Agricultural products in July-October had a trade surplus of $828 million—nearly $500 million larger than in the fiscal 1972 period—but the nonagricultural deficit swelled to $3.3 billion from $1.8 billion.

The October surge brought farm exports in July-October to a record $2.98 billion—27 percent above the $2.34 billion in July-October 1971.

U.S. farm exports to the USSR totaled $195 million in July-October 1972, compared with only $6 million a year earlier. Agricultural exports to Japan rose 48 percent to $457 million, while exports to the European Community rose 12 percent to $637 million, with grains, fruits, meats, and soybeans accounting for the increase.

For the first time since 1950, the United States exported farm products ($16 million of wheat) to the People's Republic of China.

Exports of grains alone accounted for over three-fourths of the increase. Wheat and flour exports of $513 million were 52 percent ahead of a year ago. Substantially more wheat went to the USSR, Mexico, Yugoslavia, Japan, Pakistan, Bangladesh, and the People's Republic of China.

Exports of cattle hides nearly tripled to $102 million, accounting for most of the $71-million gain in animals and products. But exports of live animals, variety meats, beef, pork, and poultry products also gained.

Exports of oilseeds and products rose 2 percent during October to $681 million, reflecting higher prices of soybean meal and soybeans. Soybean oil exports fell by 241 million pounds from a year earlier.

Tobacco exports in the July-October period, at $203 million, were up 15 percent from the strike-reduced level of a year earlier.

Fruits and vegetables showed a two-fifths increase from a year earlier. Exports of nuts and preparations gained 56 percent to $36 million.

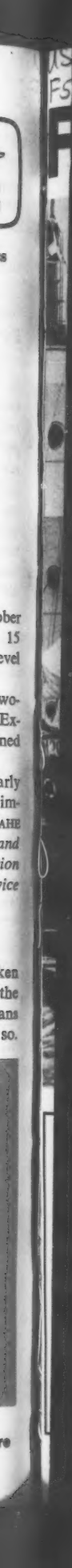
Cotton exports were off by nearly one-half in July-October because of limited supplies. —By DEWAIN H. RAHE

Foreign Development and Trade Division
Economic Research Service

Norway Buys More Tobacco *(Continued from page 12)*

price of 20 papers is about 4 cents, bringing the total cost of 20 cigarettes to about 54 cents compared with the 98 cents charged for a pack of ready-mades. Norwegian smokers have taken advantage of this price gap, and the failure of Norway to join the EC means that they may well continue to do so.

U.S. EXPORTS OF TOBACCO AND TOBACCO PRODUCTS TO NORWAY

Year	Quantity		Value			
	Leaf tobacco	Cigarettes	Leaf tobacco	Cigarettes	Total products[1]	Leaf plus products[1]
	1,000 pounds	*Million pieces*	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*	*1,000 dollars*
1965	5,958	219.0	4,421	1,038	1,092	5,513
1966	9,345	264.8	6,829	1,289	1,323	8,152
1967	8,441	238.3	6,344	1,203	1,229	7,573
1968	9,651	217.8	7,314	1,137	1,170	8,484
1969	7,197	229.4	5,872	1,206	1,234	7,106
1970	8,063	160.0	7,148	886	914	8,062
1971	4,309	141.0	3,954	842	867	4,821

[1] Included but not shown separately are cigars and cheroots, smoking tobacco in packages, chewing tobacco, and snuff.